



Solutions Table Meeting Notes

September 17, 2019, Forks WA

The Solutions Table met for the ninth time on September 17, 2019, in Forks, Washington. All members were present and participated, except for Dan Cothren (Wahkiakum County Commissioner) and Patricia Jones (Olympic Forest Coalition). Commissioner Franz (DNR) could not attend the meeting. Tom Bugert (Senior Strategic Advisor, Office of the Commissioner of Public Lands), Andrew Hayes (DNR Forest Resources Division Manager), and Kristen Ohlson-Kiehn (DNR Forest Resources Assistant Division Manager) were also present. Miguel Perez Gibson (WEC) represented Lisa Remlinger (WEC), who is currently on maternity leave until December 2019.

Agenda items included the following.

- Discussion on Solutions Areas, Potential Approaches, and Next Steps
- Public comment
- Updates on Recent Developments and Next Steps
- Public comment

Tom Bugert (DNR) welcomed everyone to the meeting and mentioned that he is looking forward to working with the Solutions Table towards a package of proposals for the 2020 legislative session. He encouraged the Solutions Table members to consider both potential solutions to be included in the legislative package and enabling conditions that could be addressed in the interim to pave the way for success for the 2020 legislative session.

Remarks from Rod Fleck, Forks City Attorney/Planner

Rod Fleck provided introductory remarks welcoming everyone to Forks and to the Rainforest Arts Center and noting that September 17 is Constitution Day. He then shared a brief history of the Rainforest Arts Center. The Center opened in 2015, replacing a historic building that burned down. The University of Washington was a key partner in designing the Center. Design elements are closely connected to the local culture and timber-related activity. The exterior of the building is made of brick and the interior is all wood construction. The foyer includes a map showing rivers and cities in the area and the meeting room includes a mural made from square log ends showing one of the original cabins in the Forks area.

Reviewing meeting notes

The minutes from the last two Solutions Table meetings (5/30/2019 and 7/31/2019) were reviewed and approved, with an amendment to the July meeting minutes to add that the conservation caucus and Miguel Perez Gibson suggested to discuss additional conservation measures on the next Solutions Table meeting. The minutes will be updated accordingly and posted on the DNR public website.

Members were also reminded that, as small group conference calls are being scheduled to advance work, they should let Ross Strategic and DNR know if they intend to attend, to help determine if a quorum is being met and if DNR needs to send out a public meeting notice. DNR needs a few days, at least, to get public notices out.

Solution Areas, Potential Approaches, and Next Steps

The Solutions Table reviewed the different solution areas that seem to present the most interest to date and discussed in more detail the initial recommendations proposed by the Solutions Table small groups. The draft recommendations developed until now were shared with the Solutions Table in advance of the meeting.

At the beginning of the discussion, Tom Bugert provided a brief status update on the development of the required annual update report in HB 2285 and thanked the Solutions Table members for reviewing the draft report and for providing comments. DNR is currently working on incorporating members' input and will share the updated version for final review. A final report is due on December 1.

1. Small Forest Landowners

The Solutions Table discussed the draft statement of support for small forest landowners shared with members in advance of the meeting and made recommendations for additional aspects that potentially could be addressed.

Members reiterated the critical importance of small forest landowners to rural communities, timber-related jobs, and conservation outcomes. Increased outreach and education related to existing assistance programs and other tools were identified as key needs to enable small forest landowners to manage their lands most cost-effectively. These programs will be more clearly identified and highlighted in the draft statement of support.

The discussion focused on two types of small forest landowners, i.e. landowners with working forest lands and landowners with conservation lands. The Solutions Table discussed the risk of potential land conversion and indicated that small forest landowners play a key role in ensuring that lands are being kept for conservation or forestry purposes rather than converted. One member noted that conversion to commercial development may have the biggest carbon impact.

Another member highlighted that some areas may be more prone to conversion than others based on anticipated growth, such as forests in the I-5 corridor.

Members indicated that one key aspect is to ensure that forest land designations and open space designations are used appropriately for those lands' uses and suggested that some accountability measures could potentially be put in place for specific tax burden reduction measures and other dedicated programs. Specifically, for forestland designations, members mentioned that small forest landowners that benefit from tax designations but do not actually harvest their forestland increase the tax burden on other lands in the county and their communities and hurt counties' ability to collect needed tax revenue. One member suggested that landowners could potentially report to counties on a regular basis to ensure they follow their proposed forestry management plans. In response, a beneficiary member indicated that state action on this would disrupt counties' ability to function properly since land classifications and other regulations vary across counties. The same member also mentioned that some counties have enforcement measures in place, and the emphasis placed on monitoring and enforcement for these tax designations varies across counties. The Solutions Table acknowledged that, to better understand this issue, more discussions are needed with key organizations that have more expertise working with small forest landowners such as the counties, the Small Forest Landowners Advisory Committee, and the Washington State Association of County Assessors (WSACA). Paul Jewell (Washington State Association of Counties) indicated that he may connect with some organizations and counties to explore potential solutions around these issues.

The Solutions Table also highlighted that more opportunities should be explored for small forest landowners to work together to aggregate land management activities to gain efficiency and expertise.

One conservation member suggested that more statewide support may be needed to enable local communities to purchase development rights (PDR) or transfer development rights (TDR) to help retain lands in conservation or working forest status. The member added that existing grants such as the federal Forest Service Grant, the Farmland Preservation Grant, and the Forestry Riparian Easement Program (FREP) could be used to purchase or transfer development rights and that some conservation organizations such as Forterra are already using them to this purpose. In response, another member noted that TDR programs may work better in urban areas than rural communities. Members also recommended that awarded grants have clear criteria tied to them to ensure lands are used for their intended purposes. One member suggested that the DNR Small Forest Landowners Office should be fully funded to ensure landowners have the necessary full support.

Overall, the Solutions Table indicated that more data may be needed to help identify existing small forest landowners. Members recommended that, depending on current data availability, the statistics highlighted in the draft statement could be complemented with maps showing the

existing small forest landowners across the state to more easily identify additional contextual factors. One conservation member suggested to explore the possibility of leveraging existing remote sensing technology to identify the lands that have the most marbled murrelet habitat and present the most potential for conservation benefits.

Next steps include:

- Ross Strategic and the small forest landowners group (Connie Beauvais, Paul Jewell, Travis Joseph, Miguel Perez Gibson) will revise the draft language on small forest landowners to frame as an opportunity to reduce the risk of conversion and make more specific recommendations related to existing small forest landowner programs.
- Paul Jewell will connect with some small forest landowner organizations and counties to explore potential solutions related to accountability measures and land designations.

2. Funding Mechanisms for Acquisition of New Lands

Brian Sims (WSSDA) and Paula Swedeen (Conservation Northwest) presented a draft list of potential funding mechanisms for acquisition of new lands focused on impaired trust revenues and opportunities to enhance trust revenues. The draft list was shared with the Solutions Table in advance of the meeting.

The summary of preliminary major sources of funding mechanisms for acquisitions includes:

- Existing or future carbon-related revenue
- Recreation, habitat and economic development sources to replace trust revenue uses for these purposes.
- Reverse improper allocation of DNR admin costs to trust accounts
- Bonds to be paid back with future revenue
- Bonds to be paid back from other sources

Members acknowledged that implementing appropriate funding mechanisms for acquisitions of new lands is a multi-year process that will be informed by the findings of the DNR Trust Land Performance Assessment, anticipated in June 2020. One Solutions Table member reiterated the possibility of expressing support for the Trust Lands Performance Assessment and associated funding. DNR highlighted that there are many connections between the Solutions Table's work and the Trust Lands Performance Assessment and that, once released, the Solutions Table's support will be instrumental in advancing the recommendations in the report.

The Solutions Table recommended that, in addition to the longer-term sustainable funding mechanisms currently considered, some potential short-term revenue solution(s) should also be pursued, including the use of payments in lieu of taxes (PILT) and the potential for acquisition of income producing assets taking advantage of the low price of debt financing (currently at 1.6%). One member indicated that debt financing and revenue from high producing lands such as

vineyards and solar farms could be allocated specifically to counties expected to be most impacted by marbled murrelet conservation responsibilities.

In the meantime, members suggested that it is important to identify key enabling conditions and barriers that could potentially be addressed in the upcoming legislative session in order to set up the Solutions Table for success for the 2020 legislative session. Options include exploring opportunities for additional funding mechanisms, creating more flexibility for asset acquisition such as updating legacy issues and outdated regulations, identifying low hanging fruits and barriers that could be addressed in the near term to enhance trust revenues such as green energy leases, Clean Water Funds, irrigated agriculture, and commercial/residential/industrial revenues.

Other funding mechanisms were seen as longer-term potential opportunities. The Solutions Table indicated that carbon pricing initiatives may take long to implement and require multi-stakeholder support, but members would be open to participate effectively if carbon pricing opportunities emerge. One member suggested that it could potentially coordinate with DNR to explore the possibility of engaging the State Treasurer's office or other appropriate authorities in addressing the current requirements that the DNR fire suppression funding cannot be used for indirect and administrative expenses.

One beneficiary member noted the overall political sensitivity of the land acquisition topic particularly amongst county commissioners, as there is different level of support for land acquisitions amongst county commissioners.

Next steps include:

- A DNR briefing will be scheduled with the Solutions Table to discuss preliminary findings of its Trust Lands Performance Assessment and identify potential barriers and opportunities that could be pursued in the short and long-term to enhance trust revenues
- Paul Jewell, Travis Joseph, and Paula Swedeen will work on proposed recommendations focused on potential short-term revenue solution(s) including the use of PILT and the potential for acquisition of income producing assets taking advantage of the low price of debt financing.
- Paula Swedeen will work on a proposed recommendation that ensures that DNR and the Solutions Table would be ready to participate effectively if carbon pricing opportunities emerge.
- Paula Swedeen, Brian Sims, and Tom Bugert will look to identify key enabling conditions that could potentially be pursued for the upcoming legislative session in order to set up the Solutions Table for success for the 2020 legislative session.
- Paula Swedeen and Brian Sims will coordinate with DNR on the possibility of the Solutions Table engaging the State Treasurer's office or other appropriate authorities on the use of the DNR fire suppression funding.

3. Additional habitat conservation ideas and habitat acceleration ideas

The conservation caucus members indicated that they are currently working on refining their recommendations for additional marbled murrelet habitat on DNR lands and will plan to discuss them with the Solutions Table in the near future. They also highlighted that the preferred alternative falls short in terms of conservation and that one important aspect for the conservation caucus is to increase the amount of DNR-managed forestland dedicated to murrelet habitat conservation beyond the amount conserved through the Long-Term Conservation Strategy.

The conservation caucus expressed concerns that the conservation proposals will be taken out of context and misused outside Solutions Table discussions (e.g., with the legislature). One beneficiary member indicated that this could be a possibility, but it is not probable to happen amongst the Solutions Table members. Solutions Table members would be helpful in that setting as people who could “correct the record” on conservation proposals.

A Solutions Table member expressed surprise that additional conservation acres might be desired on DNR lands (above the LTCS). A conservation caucus representative reiterated that the DNR land are critical to viable conservation solutions because of the quality of their habitat and their proximity to murrelet population areas. Beneficiary and economic interests described the same imperative, with harvest of DNR lands being critical to their needs. The Solutions Table discussed that this is a classic natural resource conflict where multiple interests desire the same resource (in this case – land) for different purposes.

Members reiterated the importance of working together and finding common solutions to increase timber-related jobs, achieve no net loss revenue for beneficiaries, and ensure additional marbled murrelet conservation benefits. The beneficiary caucus members showed openness to discussing the proposals advanced by the conservation and timber-related jobs caucuses.

Habitat acceleration ideas were raised as well as ideas about prey availability. These will be addressed with the US Fish and Wildlife Service (USFWS) in October 2019. In response to a Solutions Table member noting that the USFWS conversation takes place after the release of the Environmental Impact Statement (EIS) on the Long-term Marbled Murrelet Conservation Strategy, DNR clarified that the discussion with USFWS is meant to be complementary to the formal process to adopt a conservation strategy being undertaken at this time by DNR and USFWS.

Some conservation and economic caucus members highlighted that they have committed to the work of the Solutions Table until the end of 2019 and they hope to see that progress is being made in order to continue participation in 2020.

Next steps include:

- The next Solutions Table meeting will include conversations about:
 - The conservation caucus's recommendations on additional marbled murrelet habitat on DNR lands;
 - Potential impacts based on currently available data as it relates to DNR land management, economic, and conservation benefits.
- The Solutions Table will discuss on an upcoming meeting the expected direction of the group past December 2019, to ensure the Solutions Table members are aware of expected resources needed.
- DNR will set up a conversation with the USFWS to discuss additional habitat conservation and habitat acceleration ideas.

Public comment

One commenter expressed his disappointment that the state legislators and the Commissioner of Public Lands could not attend the Solutions Table meeting. They also noted that small forest landowners are impacted by many regulations already, and gave as an example the recent update of the Clallam County Shoreline Management Program that categorizes landowners into small and large landowners, and includes residents that do not have any land into the first category, thus imposing potentially unnecessary requirements on them.

Another commenter agreed with comments at the Solutions Table that counties have different procedures in place when it comes to tax compliance and other processes. He noted that Clallam County, for example, has some specific procedures, one of which is to send residents timber harvest notices when adjacent land is about to be harvested. The commenter also noted that PILT is a solution in the near-term, but that is not sustainable long-term, and suggested to also explore the possibility of setting up a mitigation trust. He reiterated that volume, conservation, and jobs are all needed. He also mentioned that DNR should provide more data about potential economic impacts as it relates to jobs and volume, per the provisions in the HB 2285.

A third member of the public appreciated the work of the Solutions Table and highlighted that volume and jobs are crucial for rural communities. He also agreed that the Solutions Table may need more data to better understand mitigation options and potential solutions.

A fourth commenter reiterated that county practices are different as it relates to timber tax enforcement and it lies within the county's purview to decide its level of enforcement, with some counties sending notifications for timber tax requirements and others not actively enforcing it. He also indicated that more data on potential economic impacts is needed for the Solutions Table to advance conversations, in line with the HB 2285 provisions.

4. DNR Forest Management

The Solutions Table discussed a draft proposal on DNR Forest Management developed by Travis Joseph (AFRC) based on small group conversations to date. The draft proposal was shared with the Solutions Table in advance of the meeting.

A conservation caucus member suggested specific revisions to the draft proposal, specifically to also look at the SHC performance to ensure that DNR is performing effectively and explore how to also correct the SHC in the EIS. In response, DNR indicated that the EIS policy options are at the Board of Natural Resources' disposal and they are not fully finalized yet.

DNR is currently working on a silviculture budget proposal meant to be included in the upcoming legislative session, as part of a broader package of measures that is being put together. One beneficiary caucus member indicated that he is interested in learning if and how the management fee issues will be linked with the silviculture budget.

DNR offered the following background information around some ideas included in the draft proposal on DNR Forest Management:

- Historically, DNR has been developing 2, 3, and 5-year timber sale plans within each DNR region. The short to mid-term (3-5-year range) harvest planning has been challenging to develop until now for different reasons on both the westside and the eastside of Washington. DNR expects that this will change due to its increased control over land management and funding change structure.
- Expediting region timber sales will help DNR achieve its SHC volume targets. Until recently, DNR had to pause its region sales until it received the Board's authorization approval. The Board recently transferred authority to sell Region Sales up to \$250,000 in appraised value to the Commissioner of Public Lands.

Next steps include:

- Ross Strategic will work with Travis Joseph to incorporate the Solutions Table's suggestions into the draft recommendations on DNR Forest Management.
- DNR will review the updated recommendation with Angus Brodie, DNR Deputy Supervisor for Uplands, and provide further input as needed.
- DNR will share any proposed language on improved silviculture budget with the Solutions Table for review once it is completed.
- DNR will organize a briefing on riparian management with the Solutions Table members.

5. Value-added Wood Processing/Manufacturing

The Solutions Table also showed interest in looking at potential initiatives to support wood processing/manufacturing innovations and explore ways to increase opportunities to use Washington-based wood products in construction initiatives across the state. Connie Beauvais showed the Solutions Table members two pieces of manufactured wood to exemplify the

different wood processing procedures and show a wood product manufactured to be **bug** and moisture resistant developed through a local project in collaboration with the University of Washington and funded by the Port of Port Angeles.

One economic caucus member indicated that more opportunities should be created for local public entities like ports to access grant funding and be able to establish public-private partnerships (e.g., to potentially buy equipment and lease it out to businesses), which would also create more jobs. The same member also suggested to look at underutilized tree species in the Olympic Peninsula such as hemlock.

Members concurred that more branding needs to be done to increase the use of Washington-based wood products in local building projects. One specific example that members discussed was to promote wood as a more appropriate choice in retrofitted buildings than other materials such as steel, since wood may be more compatible with the age of the building. One member also suggested that local governments could potentially require that a certain percentage of buildings be built with wood from WA State. The Solutions Table indicated that these ideas could be further explored with the WA State Department of Agriculture's State Organic and Sustainable Farming Fund, and community colleges and universities interested in building new dormitories.

Overall, members indicated that more documentation and data will be needed to better understand where there is a need for wood products, including where there is a niche for high-end wood products.

Next steps include:

- Connie Beauvais, Brian Sims, Travis Joseph, Jim Sayce, and DNR will work on value-added wood-processing/manufacturing recommendation(s) and recommendations related to encouraging the use of wood in state-funded construction.
- Brian Sims will reach out to his network to better understand how to identify potential building opportunities across community colleges and universities.

6. Federal Lands

Travis Joseph reported that he worked with Patricia Jones on an updated statement of support on the use of the Good Neighbor Authority and Shared Stewardship agreements to increase the pace of restoration on federal forest lands, for consideration by the Solutions Table. Travis indicated that recommendations focus on ensuring that GNA is used to expand federal capacity, and not be used as a substitute for already mandated federal work.

Next steps include:

- Ross will work with Travis and Patricia to send out the draft updated proposal on Good Neighbor Authority to the full Solutions Table for review.

Plan for the Yearly Legislative Report

Tom Bugert thanked the Solutions Table members for reviewing and sharing comments on the draft legislative report that DNR put together as part of the annual reporting requirements to the legislature. He reported that DNR is currently working to incorporate the comments received and encouraged everyone who has not provided comments until now to review and share input.

DNR plans to share the draft original version with the legislators in September 2019. This draft version was developed based on the Solutions Table's ideas generated through small group conversations. The names of the Solutions Table members will not be included in the original draft report since members are still reviewing it. The final report, which is due on December 1, will include the full Solutions Table's input and members will be listed as contributors. One member suggested to also include in the report some background information about the scope and purpose of the Solutions Table reflecting the objectives set in the HB 2285, current accomplishments and expected milestones.

Next steps include:

- DNR will share an updated version of the draft legislative report incorporating comments from the Solutions Table for final review prior to the December 1 deadline. The report may also include potential next steps for 2020.

Planned WSAC-led Assessment of the economic effects of the Preferred Alternative on Junior Taxing Districts and Counties

Paul Jewell gave an update on the work of the Washington Association of Counties (WSAC) to conduct an assessment to better understand the impacts of the preferred alternative on junior taxing districts and counties. WSAC raised \$80,000, which represents about 80% of the funding goal to hire a third-party consultant to conduct the assessment. The report will be developed with guidance from a multi-stakeholder advisory group (still to be formed) that will include junior taxing districts, counties, industry, conservation representatives, and DNR.

WSAC will soon put together a request for proposals. The multi-stakeholder advisory group is expected to be involved in the contractor selection and in shaping the scope of this work.

The study will focus on evaluation of economic impacts at county and junior district levels. The report will also look at industry impacts and not only to the affected counties, but also related impacts in nearby counties on timber industry and jobs that might be affected. As part of the analysis, a tool may be developed to allow for some flexible calculations for various scenarios, including additional conservation acres recommended by the conservation caucus. The plan is to finalize the assessment within a year. This study is meant to complement the ongoing DNR Trust Land Performance Assessment which is anticipated in June 2020.

Public Comment

One commenter showed concerns that the federal lands discussion is focused only on the GNA component and suggested to also explore what counties could do to leverage GNA. He offered two examples of areas that the Solutions Table could further look into as part its land acquisition discussions, i.e.:

- Elwha River and the related area as part of the Ecosystem Restoration Project that was used to remove two dams to restore the river may include about 250 state acres that could be used for timber management and/or conservation purposes.
- The Sol Duc River and Valley (Mary Clark Trail) includes a parcel of land near Sappho (WA) currently under the WA State Parks and Recreation that is left unmanaged, though the initial intent was to build a park. The commenter suggested the Solutions Table to consider that area as well for potential timber management and/or conservation purposes.

Maps of the two land parcels referenced in his comments were shared after the meeting and appended to this summary for reference.

Another commenter offered comments on the DNR forest management ideas considered by the Solutions Table. He offered his views that a SHC expert panel may not be useful. He indicated that having an inventory would be highly needed and a similar idea has been explored separately by other parties that were considering an inventory pilot. With regards to CLT buildings, he noted that building codes may change. He indicated that, while this may constitute a NAFTA violation, it would be worth supporting some initiatives to increase the use of local wood products in state constructions.

A third commenter indicated that he hopes that the Solutions Table will continue to collaborate past December 2019, as their work is critical for state and rural communities. He also emphasized the value of wood and forests for timber volume, jobs, conservation, and carbon sequestration. He also indicated that encouraging new value-added products would not only incentivize job creation, but also support existing jobs.

Next Solutions Table Meeting

Some members indicated that they have some overlapping appointments with the proposed dates for the October 24 and November 14 Solutions Table meeting dates. Members recommended to reschedule the next meeting to accommodate everyone's availability and agreed to have some flexibility on the meeting location to ensure the Commissioner of Public Lands could attend.

Next steps include:

- Ross Strategic will work with the Solutions Table members to reschedule the upcoming Solutions Table meeting and find some dates for the proposed DNR briefings.

- DNR will look to provide more data and metrics on potential impacts on jobs, conservation, and volume, to inform future Solutions Table conversations.

Maps of the Elwha River and the Sol Duc River and Valley provided by a commenter



